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## **Caribbean Basin**

## **HRI Food Service Sector**

# **Get Onboard: North American Cruise Opportunities 2001**

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### **Report Highlights:**

**The North American Cruise Lines, representing 68% of the world's cruise capacity, spent \$717 million on food and beverages in the U.S. in 1999. Opportunities exist for products that remain fresh throughout a cruise, meet the unique packaging and disposal requirements and differentiate themselves from other onboard offerings.**

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## **Summary**

The North American cruise lines, representing 68 percent of the world's cruise capacity, spent \$717 million on food and beverages in the United States in 1999. Food product purchases are rising as rapidly as the number of cruise line passengers. In 2000, there were 1million additional cruise line passengers from the previous year, bringing the total to 7 million. Opportunities exist for products that remain fresh throughout a cruise, meet the unique packaging and disposal requirements and differentiate themselves from other onboard offerings.

This report was prepared jointly by The Caribbean Agriculture Trade Office, Miami and The Office of Agricultural Affairs, U.S. Embassy, Ottawa.

## **Black Tie Optional: The Changing Demographics of Cruise Passengers**

Since 1970, 84 million passengers sought the glamor and on-board intrigue of a cruise; one third in the last five years. Cruises, once only for the predominantly older, leisure class, are becoming an increasingly mainstream vacation option. People have fun on cruises. They are perceived as good value for the level of quality and service, their wide range of activities are attractive to families, couples and singles of all ages, and they offer a unique experience. Most importantly, the cruise passenger satisfaction level is an unprecedented ninety percent or higher, varying slightly for each cruise line.

The cruise line industry sees enormous potential for new customers. Despite the growth of the past five years, only two percent of the U.S. population have taken a cruise. The industry anticipates 10-20 percent growth, at least for the next 3-5 years. They have seen an increase in passengers despite the slowdown in the U.S. economy.

Over the next two years, an additional 12-16 ships per year are being added to the cruise fleets, to meet the increasing demand. Fleet expansion includes larger and more innovative amenity-filled vessels. On-board amenities designed to attract new passengers include: Internet cafes, coffee houses, karaoke, pool parties, spa services, baby sitting, sports and fitness activities and children's activities in addition to the more traditional night clubs, casinos, dancing, and shopping. On-board dining is an integral part of the overall cruise experience. Cruise lines are offering more interesting international flavors, spa cuisine, Michelin style cuisine, children's meals and catering to dietary and health preferences. Wine tastings, cooking classes and such decadent events as pastry chef competitions are frequently featured.

## **Are Your Products Seaworthy?**

The romance of travel by sea is offset by the reality of the practical needs on a cruise. In a competitive industry where a late delivery means the ship has left the port, where packaging materials remain on board until reaching a port of call, where a chef can't run to the corner store to pick up last minute items or products to replace others that may have gone bad, dependability, quality and freshness take on an added meaning.

Considerations for product suitability for the cruise industry include: the supplier's dependability

in timing of delivery and ability to deliver large quantities; quality and consistency of the product and the manufacturing facility; the product's ability to keep/stay fresh for the duration of the cruise; price; disposal of product waste and packaging; products that will differentiate one cruise ship from another. Additional concerns include ease of training staff to use the product and suppliers that provide in house training on product use.

The cruise lines load 95 to 100 percent of their food needs at their port of debarkation. They cannot wait for a late shipments and require suppliers that guarantee delivery. Foods that will be fresh for the entire cruise are needed; the average cruise is six and one half days. Food deliveries en route are usually limited to highly perishable produce such as lettuce, herbs and bananas. An example of industry innovation is a frozen herb so well processed that it is used as fresh. This product would eliminate the need to send en route deliveries of fresh herbs.

Cruise lines must obey strict regulations on disposal of refuse. Preferred products are those with a limited waste or packaging that has other uses on board. A precooked bacon with little grease waste developed for the U.S. Navy is being introduced in commercial cruises. Cruise lines are allowed to incinerate certain waste but not all; remaining trash must be carried on board until reaching a disposal center.

As the cruise industry blossoms, cruise ships are searching for ways to differentiate themselves to attract passengers. Food products can be used to provide this distinction. For example, cuisine from a well-known Miami restaurant, "Joe's Stone Crabs" is featured on one cruise line. Unskilled labor and high turnover rates are major concerns of the cruise line industry. Products that require little training to prepare and serve are extremely attractive. For example, a coffee maker that produces latte, Cuban coffee or cappuccino at the press of a button is much more attractive than a machine that requires the operator to measure inputs and know the preparation difference between the products.

In-house training provided by the supplier is important. Cruise lines are often more receptive to products for which training in food preparation is provided. Examples of training include: portion control (e.g. teaching the kitchen staff to cut a roast to increase the number of servings) and food safety.

For the most part, the North American cruises lines secure product from the United States. Ship chandlers and distributors consolidate container loads of product for delivery to the ships. For departure from a non U.S. port (e.g., Canada, Mexico) containers are sent in-transit from the U.S. to that port for en route pickup. Products are not considered exports and therefore require U.S. domestic documentation only.

The Caribbean is the most popular cruise route in North America and accounts for 43 percent of cruises. Other popular destinations include Alaska, Hawaii, New England, Quebec City, Mexico and Panama. About half of the cruises departing the U.S. leave from Florida ports. Other U.S. ports include New York, Seattle, and San Francisco to name a few. The Vancouver, British Columbia to Alaska route has become very popular in recent years.

### **Getting Onboard: Entry Strategy**

A U.S. company must be able to clearly demonstrate product advantages—How will it be used by the cruise line compared to competing products? How much money will the new product save the cruise line over the product they are currently using? What packaging waste advantages does the product offer? What product services distinguish the new supplier from competitors in the market?

U.S. suppliers can introduce products directly to the **cruise line purchaser** or to a **ship chandler, distributor or broker**, who will then in turn make a presentation to the cruise line purchaser. The **purchasing managers** or the **directors of food and beverage operations** are the decision makers, although they will often consult with the chef and hotel operations staff before making a final decision. Ship chandlers and distributors are companies that purchase, consolidate and deliver goods to the port of debarkation. Brokers deliver products to the ship chandler or distributors rather than directly to the cruise lines.

The term ship chandler refers to a company that provides a number of services to one or more cruise lines, including procuring all supplies, developing menus and even providing personnel management. If a cruise line has a ship chandler, the majority of the product will go through the chandler before the cruise line. Distributors who supply more sectors than just cruise lines also supply product directly to the cruise lines that do not work with a chandler. In addition, brokers, who are manufacturers' representatives, will source product for ship chandlers and distributors. While the cruise line purchasers, ship chandlers and large distributors are all genuinely open to and interested in new products and encourage product presentations, they are bombarded by new products and have the luxury of many choices.

Joe Copeland, Vice President of Program and International Sales at Smart & Final/Henry Lee, a major ship chandler/distributor, suggested the following procedure for introducing a new product: Take a cruise. Look in the kitchen and find out which competitor products they are using and how they are using it. Ask questions. Find out the advantages and disadvantages of the product. Find out what would make the product more attractive to them. Then ask your company, "Can you modify your product to incorporate their needs? What advantages does your product offer? Can you clearly demonstrate the advantages to them?" If so, prepare your presentation and begin knocking on the doors of the cruise line purchasers and distributors.

### **Charting the Course: The Bidding Process**

The majority of the products purchased by the cruise lines enter through a somewhat complex bid process. **Bidders** are **ship chandlers, distributors and brokers**. The bidders are typically bidding on a product delivery price to the port of debarkation, not the price of the item. The price for most products is negotiated directly between the cruise line purchaser and the manufacturer, prior to the bidding process. However, sometimes the cruise line will not specify a specific brand in their bid. In this case, the price of the item is actually determined in the bid itself. For example, if a cruise line needs a particular fish and a price has not yet been determined with a seafood distributor, the seafood distributors and brokers will bid on the price of that item.

The contract year for most dry goods and alcohol begins in the fall, which coincides with the

beginning of the main cruise season. Non dry good bids are offered throughout the year. Most contracts are for one year, although they may vary from six months to two years. Produce is bid at product cost plus a service fee because pricing varies dramatically throughout the year. Cruise lines audit the produce supplier to check that prices charged reflect actual costs.

As an example, a cruise line may bid out their meat contract in January, poultry in February, produce in March, and seafood in April. The ship chandlers or bidders usually specialize in one of these product categories, although some of the larger suppliers such as Sysco and Walton & Post increasingly offer a fuller range of products. SYSCO, for example, owns two of the largest produce suppliers for the cruise industry.

### **Expanding the Fleet: The Industry Consolidates**

In addition to the increasing growth in passengers, the cruise line industry is following the global trend of consolidating. The four largest cruise lines, Carnival Cruise Lines, Royal Caribbean Cruise Line Limited, Norwegian Cruise Line and Princess Cruise Line, account for 85 percent of the North American cruise industry food sales. Carnival now owns Cunard Line Limited, Holland America Line, Costa Crociere Spa, Costa Cruises, and Windstar. Almost all food purchasing contracts are for the entire Carnival group. Some smaller cruise lines are reportedly discussing banding together for a greater purchasing power.

Ship chandlers are consolidating as well. Apollo Ship Chandlers, Inc. is the largest U.S. company that solely supplies the cruise line industry. Other ship chandlers distribute to additional areas in the food service sector such as hotels, restaurants and institutions. These distributors, such as Cheney Brothers Food Service, Smart & Final/Henry Lee and SYSCO are rapidly expanding their product lines and distribution centers to more fully supply the food service industry nationally and internationally.

### **Take in a Show: Major Cruise Line Trade Shows**

The Marine Hotel Association Conference and Trade Show is the only show that concentrates solely on food and food equipment and the cruise line purchasers of these items. It is held at the end of April every year, usually in a different city in Florida. Every third year or so, the exhibit moves to the west coast. The 2002 show will be held in Orlando. Visit their web site for more information at <http://mhaweb.org>.

The Seatrade Shipping Convention is the grand exhibition for the cruise line industry. It covers everything from ship building, to on board dry-cleaning services, to tourist board exhibitors hoping to entice cruise lines to use their country as a destination. Food companies represent a small percentage of the exhibitors with about 20 food companies exhibiting in 2001. The convention is the first week of March in Miami Beach, Florida. Visit their web site for more information at [www.cruiseshipping.net](http://www.cruiseshipping.net). For cruise line news, listings and links, visit Seatrade's web site: [www.cruise-community.com](http://www.cruise-community.com). Porthole is a cruise magazine for both businesses and consumers. Visit them at: [www.porthole.com](http://www.porthole.com).

### **Forget Your Semaphore Flags: Contact Chandlers and Purchasing Managers**

**Chandlers (ship chandlers, distributors and brokers):**

A-ONE-A Produce & Provisions, Inc. - Distributor

1351 NW 22<sup>nd</sup> Street

Pompano Beach, FL 33069

(954) 917-7272 Fax: (954) 917-8864

type of products: fresh fruits & vegetables and dairy products

currently supplies: most major cruise lines, directly and through ship chandlers

contact: Oscar Sotolongo, Director, Cruise Ship/Export, email: [oscars@aonea.com](mailto:oscars@aonea.com)

Apollo Ship Chandlers, Inc. - Ship Chandler

1775 NW 70<sup>th</sup> Avenue

Miami, FL 33126

Tel: 305.774.7550 Fax: 305.702.0349

types of products: full line food, beverage and other products

currently supplies: Celebrity, Renaissance, Discovery cruiselines and others

contacts:

food: Joes Vila, Purchasing Manager for Food Department, email: [josev@apolloships.com](mailto:josev@apolloships.com)

beverages: Manuel Barcala, Purchasing Manager for Beverage Department, email:

[manolo@apolloships.com](mailto:manolo@apolloships.com)

Allstate Food Marketing, Inc. - Food Broker

4494 N. John Young Parkway

Orlando, FL 32804

Tel: (407) 296-2911 Fax: (407) 296-4511

types of products: full line food, beverage and other products

currently supplies: most cruiselines through many ship chandlers and distributors

contact: Paul Haire, President, [phaire@afm-fla.com](mailto:phaire@afm-fla.com)

Bob Rowe Sales - Food Broker

P.O. Box 640616F, Uleta Branch

Miami, Florida 33164

Tel: (305) 947-9966 Fax: (305) 947-5526

Types of products: full line food, beverages and other products

currently supplies: most cruiselines through many ship chandlers and distributors

contact: Bob Rowe, CEO and Steve Schultz, President, email: [bobrowesales@net.com](mailto:bobrowesales@net.com)

Carib Basin Food Sales Inc. - Broker

9620-D Boca Gardens Circle North

Boca Raton, FL 33496

Tel: (561) 487-2176 Fax: (561) 482-5362

types of products: bacon, ham, pepperoni, salami, mortadella, poultry, fresh pack tomatoes

currently supplies: most cruise lines through ship chandlers and distributors

contacts:

Jim Mancuso, Owner, or Mindy Mancuso, Office Manager, email: [mancuso@caribbasin.com](mailto:mancuso@caribbasin.com)

Cheney Brothers Food Service - Distributor

One Cheney Way

Riviera Beach, FL 33404

(561) 845-4700 x.186 Fax: (561) 845-4717

types of products: full line of food, beverage and other products

currently supplies: most major cruise lines, directly and through ship chandlers

contact: David Kissel, Manager, Cruise Ship Sales, email: [dkissel@cheneybrothers.com](mailto:dkissel@cheneybrothers.com)

Colorado Boxed Beef Company

302 Progress Road

Auburndale Industrial Park

Auburndale, FL 33823

type of products: fresh and frozen beef, pork, seafood, poultry and other specialty goods

currently supplies: most major cruise lines, directly and through ship chandlers

contact: John Rattigan, Director of Marketing & Business Development, email:

[j.rattigan@cbbcorp.com](mailto:j.rattigan@cbbcorp.com)

Corman Ship Supplies - Ship Chandler

501 NE 183<sup>rd</sup> Street

Miami, FL 33179

Tel: (305) 651-1150 Fax: (305) 651-3497

types of products: dairy products

currently supplies: all major cruiselines

contacts: Jimmy Gomez, General Manager, email: [jimmygomez@cormanshipsupplies.com](mailto:jimmygomez@cormanshipsupplies.com)

Raul Geurrero, Director of Sales, email: [raulgeurrero@cormanshipsupplies.com](mailto:raulgeurrero@cormanshipsupplies.com)

Essex Exports, Inc. - Distributor

550 SW. 12<sup>th</sup> Avenue

Deerfield Beach, FL 33442

(954) 698-9333 Fax: (954) 698-6766

types of products: frozen seafood

currently supplies: several major cruise lines, directly and through ship chandlers

contact: Francis Mahfood, Vice President, email: [essex@netrox.net](mailto:essex@netrox.net)

Excel Food Distribution Co. - Distributor

9151 NW 97<sup>th</sup> Terrace

Medley, FL 33178

Tel: (305) 884-5112 Fax: (305) 884-5161

types of products: beef, veal, poultry, seafood

currently supplies: most major cruise lines, directly and through ship chandlers

contact: Jerry DeLaLuz, Cruise Sales, email: [Jerry\\_DeLaLuz@cargill.com](mailto:Jerry_DeLaLuz@cargill.com)

FAB Marketing - Alcohol Broker

7154 N. University Drive, Suite 205



Tamarac, FL 33321

Tel: (954) 722-6222 Fax: (954) 726-1406

types of products: wines, spirits and confectionary

currently supplies: most major cruiselines through ship chandlers

contact: Bob Syner, Director, email: [fabwinespirit@aol.com](mailto:fabwinespirit@aol.com)

G & J Marketing - Food Broker

1261 E. Sample Road

Pompano Beach, FL 33064

Tel: (954) 781-4600 Fax: (954) 781-8600

types of products: full line food, beverage and other products

currently supplies: most cruise lines through many ship chandlers and distributors

contact: Greg Sidwell, President, email: [greg@gandj.com](mailto:greg@gandj.com)

Kalamar Seafood, Inc. - Ship Chandler/Distributor

2490 West 78<sup>th</sup> Street

Hialeah, FL 33016

Tel: (305) 822-5586 Fax: (305) 557-4418

types of products: fresh and frozen fish and seafood

currently sells: most major cruise lines, directly and through ship chandlers

contacts: Roberto Vazquez, President, email: [rvazquez@kalamarseafood.com](mailto:rvazquez@kalamarseafood.com)

Barbara Vazquez, Vice President, email: [bvazquez@kalamarseafood.com](mailto:bvazquez@kalamarseafood.com)

Sea Specialties Inc. - Distributor

5301 NW 35<sup>th</sup> Avenue

Fort Lauderdale, FL 33309

Tel: (954) 486-8000 Fax: (954) 486-1133

types of products: full line of smoked, fresh and frozen seafood

shipped world-wide and certified for shipment into the European Union

contact: Marc Ruben, Export Sales Manager, email: [mruben@seaspecialties.com](mailto:mruben@seaspecialties.com)

Smart & Final/Henry Lee - Distributor

3301 NW 125<sup>th</sup> St.

Miami, FL 33167

Tel: (305) 685-5851 Fax: (305) 681-7752

types of products: full line food, beverage and other products

currently supplies: most major cruise lines, directly and through ship chandlers

contact: Joe Copeland, VP of Program and International Sales, email:

SYSCO Food Services of South Florida - Distributor

555 NE 185<sup>th</sup> Street

Miami, FL 33179



Tel: (305) 770-5474 Fax: (305) 652-6013

types of products: full line food, beverage and other products

currently supplies: most major cruise lines, directly and through ship chandlers

contact: Harry Roberts, Director of Cruise Sales, email: [Roberts.Harry.R016@sysco.com](mailto:Roberts.Harry.R016@sysco.com)

### **Cruiseline Purchasing Managers**

American Classic Voyages

Manfred Seifert, Director, Food Operations

Tel: (305) 774-7550

Carnival Cruise Lines

David Mizer, Staff V.P. Purchasing

Tel: (305) 599-2600

Celebrity Cruises, Inc.

contact Apollo Ship Chandlers, Inc., listed above

Costa Cruises

contact Carnival Cruise Lines, listed above

Costa Crociere Spa

contact Carnival Cruise Lines, listed above

Crystal Cruises

Dietmar Wertanzl, Sr. V.P. Hotel Operations

Tel: (310) 785-9300

Cunard Line Limited

contact Carnival Cruise Lines, listed above

Delta Queen Steamboat Co. & Coastal Voyages

Homer Ellis, Director of Purchasing or Frank Grabosky, Purchasing Manager

Tel: (504) 586-0631

Disney Cruise Line

Carl Robie, Purchasing & Logistics Manager

Tel: (407) 566-3592

Holland American Line

contact Carnival Cruise Lines, listed above

Lindblad Expeditions

Gary Hull, Purchasing Manager

Tel: (206) 382-9593

Meridien Ship Managers/Sea Escape Cruises  
Al Courtney, V.P. Passenger Operations  
Tel: (954) 453-3380

Norwegian Cruise Line  
George Castillo, Purchasing Manager , Food & Beverage  
Tel: (954) 436-4000

Princess Cruises  
Jonathan Wilson, Manager, Food Production or Eugene Marino, Director Purchasing & Logistics  
Tel: (661) 753-2230

Radisson Seven Sea Cruises  
Ed Degan, Director of Purchasing  
Tel: (954) 776-6123

Renaissance Cruises, Inc.  
John-Paul Brigneti, Director, Purchasing  
Tel: (954) 463-0982

Royal Caribbean Cruises  
David Ruiz, Director, Hotel Purchasing  
Tel: (305) 539-6000

Royal Caribbean International  
Rudy Sodamin, Director, Culinary Development  
Tel: (305) 539-6000

Silversea Cruises, Ltd.  
Henrik Kjaer, Director, Purchasing  
Tel: (954) 522-4477

Sun Cruises  
Seamus Dooey, Supply & Logistics Manager  
Tel: (44) 161 232 2846 (Manchester, U.K.)

Windstar Cruises  
contact Carnival Cruise Lines, listed above

### **Websites of Major Cruise Lines**

Abercrombie & Kent, Ltd.	<a href="http://www.abercrombiekent.com">www.abercrombiekent.com</a>
American Classic Voyages	<a href="http://www.amcv.com">www.amcv.com</a>
Captain Cook Cruises	<a href="http://www.captaincookcruises.com.au">www.captaincookcruises.com.au</a>

Carnival Cruises	<a href="http://www.carnival.com">www.carnival.com</a>
Celebrity Cruises	<a href="http://www.celebrity-cruises.com">www.celebrity-cruises.com</a>
Costa Cruises	<a href="http://www.costacruises.com">www.costacruises.com</a>
Cruise West	<a href="http://www.cruisewest.com">www.cruisewest.com</a>
Crystal Cruises	<a href="http://www.crystalcruises.com">www.crystalcruises.com</a>
Cunard Line	<a href="http://www.cunard.com">www.cunard.com</a>
Delta Queen Steamboat Co. & Coastal Voyages	<a href="http://www.deltaqueen.com">www.deltaqueen.com</a>
Discovery Cruise Line	<a href="http://www.discoverycruiseline.com">www.discoverycruiseline.com</a>
Disney Cruise Line	<a href="http://disneycruise.disney.go.com/disneycruiseline/index">http://disneycruise.disney.go.com/disneycruiseline/index</a>
First European Cruises	<a href="http://www.first-european.com">www.first-european.com</a>
Great Lakes Cruise Company	<a href="http://www.greatlakescruising.com">www.greatlakescruising.com</a>
Holland America Line	<a href="http://www.hollandamerica.com">www.hollandamerica.com</a>
Lindblad Expeditions	<a href="http://www.expeditions.com">www.expeditions.com</a>
Maris Freighter Cruises	<a href="http://www.freightercruises.com">www.freightercruises.com</a>
Meridian Ship Managers/ Sea Escape Cruises	<a href="http://www.meridiancruisesntours.com/specials.shtml">www.meridiancruisesntours.com/specials.shtml</a> <a href="http://www.seaescape.com">www.seaescape.com</a>
Norwegian Cruise Line	<a href="http://www.ncl.com">www.ncl.com</a>
Orient Line	<a href="http://www.orientlines.com">www.orientlines.com</a>
Peter Deilmann Ocean Cruises	<a href="http://www.deilmann-cruises.com">www.deilmann-cruises.com</a>
Princess Cruises	<a href="http://www.princesscruises.com">www.princesscruises.com</a>
Radisson Seven Seas Cruises	<a href="http://www.rssc.com">www.rssc.com</a>
Regal Cruises	<a href="http://www.regalcruises.com">www.regalcruises.com</a>
Renaissance Cruises	<a href="http://www.renaissancecruises.com">www.renaissancecruises.com</a>
Royal Caribbean Cruises, Ltd	<a href="http://www.royalcarib.com">www.royalcarib.com</a>
Seabourn Cruise Line	<a href="http://www.seabourn.com">www.seabourn.com</a>
Silversea Cruises	<a href="http://www.silverseacruises.com">www.silverseacruises.com</a>
Star Clippers	<a href="http://www.starclippers.com">www.starclippers.com</a>
Sun Cruises	<a href="http://asiatravel.com/suncruises">http://asiatravel.com/suncruises</a>
Swan Hellinic	<a href="http://www.swanhellenic.com">www.swanhellenic.com</a>
Temptress Adventure Cruises	<a href="http://www.temptresscruises.com">www.temptresscruises.com</a>
Uniworld	<a href="http://www.uniworldcruises.com">www.uniworldcruises.com</a>
Viking River Cruises	<a href="http://www.vikingrivers.com">www.vikingrivers.com</a>
Windstar Cruises	<a href="http://www.windstarcruises.com">www.windstarcruises.com</a>

## Find Us on the World Wide Web:

For more on market opportunities for U.S. products in the Caribbean and Canada, click on “Commodities” and then “Attache Reports” on the USDA, Foreign Agricultural Service web site at: [www.fas.usda.gov](http://www.fas.usda.gov).

Contact FAS/Ottawa by e-mail: [usagr@istar.ca](mailto:usagr@istar.ca)

Contact The Caribbean Basin Agricultural Trade Office by email: [cbato@atthgl.net](mailto:cbato@atthgl.net)